

Planning for a Big Expense

Dear Parents,

Your child has been learning about budgeting to meet a financial goal. Keep the learning going with this family finance activity. Work with your child to help complete the activity below, then apply these lessons to something your child wants to save up for.

ACTIVITY

Taylor's room needs an updated design from the now-embarrassing teddy bear look that has been there since Taylor was a young child! Taylor did some research to find ways to update the room, but was discouraged to discover it would cost more than \$1,000. So Taylor looked around and, by finding sale items and used lamps, estimated the wallpaper and furnishings could be changed for \$500. Taylor's parents are in favor of the project, but can't contribute financially right now.

Each week, Taylor receives \$10 for helping with special chores around the house and \$15 for helping a neighbor with yard work. Taylor spends \$5 weekly on comic books and another \$10 on snacks. Taylor sets aside \$3 each week for the local food bank and keeps the rest in a savings account, which now totals \$70. Another neighbor has asked Taylor to start working in her yard for \$15 a week.

1. On separate paper, create Taylor's weekly income and expense budget. List all sources of income and expenses in two columns.
2. Figure out how much Taylor has to save and what expenses need to be cut, so that in 20 weeks Taylor has \$500 to spend on the room.
3. Now it's your family's turn! Make a budget for a big-ticket item your child wants (such as a room upgrade, a new tablet, or concert tickets). Create columns for income, expense, and savings. Discuss ways your child can earn income, comparison shop, or use gift money to reach the goal in the least amount of time.

